



Phone: (559) 638-9226
Fax: (559) 638-6857
1155 E. Springfield Ave.
Reedley, CA 93654
www.sierraview.org

RECEIVED
FEB 29 2016
CONTINUING CARE
CONTRACTS BRANCH

February 19, 2016

California Department of Social Services
Community Care Licensing division
Continuing Care Contracts Branch
744 "P" Street, M.S. 10-90
Sacramento, CA 95814

Re: Certification by Chief Executive Officer

To Whom It May Concern,

This letter is to certify the following,

- The annual report and any amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the department.
- Sierra View Homes maintains the required liquid reserve.

Sincerely,

A handwritten signature in black ink, appearing to read "Vito J Genna", is written over a horizontal line.

Vito J Genna
Chief Executive Officer

rl

ANNUAL REPORT CHECKLIST

PROVIDER(S): Sierra View Homes

CCRC(S): _____

CONTACT PERSON: Vito Genna

TELEPHONE NO.: (559) 638-9226 EMAIL: vgenna@sierraview.org

A complete annual report must consist of 3 copies of all of the following:

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 3,278
 - If applicable, late fee in the amount of: \$ 0
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for **each** community.
- Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	114
[2]	Number at end of fiscal year	126
[3]	Total Lines 1 and 2	240
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	120
All Residents		
[6]	Number at beginning of fiscal year	227
[7]	Number at end of fiscal year	230
[8]	Total Lines 6 and 7	457
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	228.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.53

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$7,507,802
[a]	Depreciation	\$666,780
[b]	Debt Service (Interest Only)	\$599,688
[2]	Subtotal (add Line 1a and 1b)	\$1,266,468
[3]	Subtract Line 2 from Line 1 and enter result.	\$6,241,334
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	53%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$3,277,725
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$3,278

PROVIDER SIERRA VIEW HOMES (December 31, 2015)
COMMUNITY SIERRA VIEW HOMES (December 31, 2015)

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>Not in CCRC</u>	<u>3200</u>	<u>211</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	_____	_____	_____

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: Jan 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least ⁶⁰~~30~~ days prior to its implementation.
- At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase. *Notice Nov. 1, 2015 for increase Jan 1, 2016 due to payroll costs of minimum wage increases*

PROVIDER: Sierra View Homes
COMMUNITY: Sierra View Homes

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 2/29/2015

FACILITY NAME: Sierra View Homes
 ADDRESS: 1155 E Springfield Ave, Reedley, CA ZIP CODE: 93654 PHONE: 559-638-9226
 PROVIDER NAME: Sierra View Homes FACILITY OPERATOR: Vito Genna
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: Mennonite
 YEAR OPENED: 1968 # OF ACRES: 13 SINGLE MULTI- STORY STORY OTHER: _____ MILES TO SHOPPING CTR: 0.5
 MILES TO HOSPITAL: 2

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: <u>2</u>	ASSISTED LIVING: <u>52 units, Licensed for 78</u>
APARTMENTS — 1 BDRM: <u>64</u>	SKILLED NURSING: <u>59</u>
APARTMENTS — 2 BDRM: <u>49</u>	SPECIAL CARE: _____
COTTAGES/HOUSES: <u>0</u>	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: <u>100%</u>	> _____

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 (Check all that apply) ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% FULLY AMORTIZED OTHER: Care Fee is used in lower levels of care

RANGE OF ENTRANCE FEES: \$ 0 - \$ 0 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Transferability to Assisted Living or Skilled Nursing with 5% discount of current rate.

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > Full board member
 > Also another resident on strategic planning

FACILITY SERVICES AND AMENITIES					
COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.
 Page 1 of 4

PROVIDER NAME: Sierra View Homes

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	N/A	7,346,118	7,533,523	7,558,941
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	N/A	6,025,545	6,103,420	6,200,901
NET INCOME FROM OPERATIONS	N/A	1,319,573	1,403,103	1,358,040
LESS INTEREST EXPENSE	N/A	616,919	610,544	599,688
PLUS CONTRIBUTIONS	N/A	75,199	75,811	71,350
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	N/A	113,038	143,923	34,414
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	N/A	890,891	683,920	870,116
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	N/A	98,289	42,936	29,200

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
BNY Cert. of Deposit	11,809,063	5.05%	2010	2040	30
CHFA	411,028	3.0%	2009	2024	15

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2013 CCAC Medians 50th Percentile (optional)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
DEBT TO ASSET RATIO		0.6458	0.6267	0.6135
OPERATING RATIO		0.8818	0.8823	0.8865
DEBT SERVICE COVERAGE RATIO		1.8112	1.6754	1.5080
DAYS CASH ON HAND RATIO		123.445	150.921	177.188

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2012</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2015</u>
STUDIO	750	0	750	0	750	4	780
ONE BEDROOM	717	0	717	2	732	2	750
TWO BEDROOM	771	0	771	2	787	2	800
COTTAGE/HOUSE	0	0	0	0	0	0	0
ASSISTED LIVING	3090	0	3090	2	3150	2	3200
SKILLED NURSING	199	1	200	3	206	2	211
SPECIAL CARE	0	0	0	0	0	0	0

COMMENTS FROM PROVIDER: > The CCRC consists of only Assisted Living and Skilled Nursing. The apartments are independent of the CCRC.

> Apartment tenants sign an agreement with the CCRC when they rent a Sierra View apartment. *Apartment are under Sierra*

> *View Residences, LLC wholly owned by Sierra View Homes*

Jeffrey L. Carter
Certified Public Accountant
1355 11th Street
Reedley, California 93654
Telephone (559) 637-1675

Independent Auditor's Report

To the Board of Directors, Sierra View Homes
Reedley, California

Report on the Continuing Care Reserve Report

I have audited the accompanying continuing care reserve report (Report) of Sierra View Homes, which comprises the continuing care liquid reserve schedules (Forms 5-1 through 5-5 and related supporting schedules) as of and for the year ended December 31, 2015.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of the Report in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the Report based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

To the Board of Directors, Sierra View Homes
Reedley, California
Page 2

Opinion

In my opinion, the Report referred to above presents fairly, in all material respects, the liquid reserve requirements of Sierra View Homes as of and for the year ended December 31, 2015, in conformity with the report preparation provisions of California Health and Safety Code 1792.

Basis of Accounting

I draw attention to the basis of accounting used to prepare the Report. The Report is prepared on the basis of the liquid reserve requirements of California Health and Safety Code 1792 and also in accordance with the *Annual Report Instructions (January 1, 2007)* issued by the State of California Department of Social Services. This is a basis of accounting other than accounting principles generally accepted in the United States of America, and it is used to meet the requirements of California Health and Safety Code Section 1792. My opinion is not modified with respect to this matter.

Restriction on Use

My report is intended solely for the information and use of the board of directors and management of Sierra View Homes and the California Department of Social Services. It is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'R. B. H.', written in a cursive style.

January 27, 2016

**FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	09/30/10	\$275,000	\$585,236	\$0	\$860,236
2	06/01/09	\$45,710	\$14,484	\$0	\$60,194
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$599,720	\$0	\$920,430

(Transfer this amount to Form 5-3, Line 1)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: SIERRA VIEW HOMES (December 31, 2015)

SIERRA VIEW HOMES

**December 31, 2015 Annual Report for the California Department of Social Services
Support Schedule for Form 5-1, Interest Paid (two-way reconciliation)**

Interest expense on the Statement of Activities and Changes in Net Assets from the audited financial statement (accrual basis)	\$599,688
<i>Adjustments to convert from accrual expense to total paid amount:</i>	
Add accrued interest payable at the beginning of the year	196,234
Deduct accrued interest payable at the end of the year	(193,942)
Deduct OID amortization	(2,260)
Total interest paid on Form 5-1 (see NOTE below)	\$599,720

NOTE: This amount agrees to the audited financial statement, statement of cash flows, *cash flows from operating activities* section of the cash flow statement.

**FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	NO DEBT				\$0
2	INCURRED				\$0
3	DURING				\$0
4	THE				\$0
5	CURRENT				\$0
6	FISCAL				\$0
7	YEAR				\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

*(Transfer this amount to
Form 5-3, Line 2)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: SIERRA VIEW HOMES (December 31, 2015)

FORM 5-3

CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$920,430</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>\$0</u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$920,430</u></u>

PROVIDER: SIERRA VIEW HOMES (December 31, 2015)

FORM 5-4

CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$7,507,802
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$599,720	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		
	c. Depreciation	\$666,780	
	d. Amortization	\$40,433	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$5,620,268	
	f. Extraordinary expenses approved by the Department		
3	Total Deductions		\$6,927,201
4	Net Operating Expenses		\$580,601
5	Divide Line 4 by 365 and enter the result.		\$1,591
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$119,302

PROVIDER: SIERRA VIEW HOMES (December 31, 2015)

COMMUNITY: SIERRA VIEW HOMES (December 31, 2015)

SIERRA VIEW HOMES

**December 31, 2015 Annual Report for the California Department of Social Services
Support Schedule for Form 5-4, Line 2c, d, and e (two-way reconciliation)**

LINE 2c AND d (reconciliation to audited financial statement amount):

Total depreciation expense on Form 5-4, line 2c	\$666,780
Total amortization expense on Form 5-4, line 2d	40,433
Equals total depreciation and amortization on audited financial statement	\$707,213

LINE 2e:

Revenues received for services to persons not having a continuing care contract (all captions are to the audited financial statements, statement of activities and changes in net assets unless otherwise noted):

Net skilled nursing services after provision for doubtful collections	\$4,369,032
Residential care services and housing services	3,189,909
Less amounts received from persons under a continuing care contract	<u>(1,991,804)</u>
Equals revenue from non-contract persons	5,567,137
Other operating revenue	<u>53,131</u>
TOTAL NON-CONTRACT PERSONS (Form 5-4, Line 2e reduction)	\$5,620,268

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: SIERRA VIEW HOMES (December 31, 2015)

Fiscal Year Ended: DECEMBER 31, 2015

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended DECEMBER 31, 2015 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$920,430
[2] Operating Expense Reserve Amount	\$119,302
[3] Total Liquid Reserve Amount:	\$1,039,732

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$1,335,029
[5] Investment Securities		
[6] Equity Securities		\$917,960
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	\$1,166,806	(not applicable)
[10] Other:		
<u>(describe qualifying asset)</u>		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$1,166,806 [12]	\$2,252,989
Reserve Obligation Amount: [13]	\$920,430 [14]	\$119,302
Surplus/(Deficiency): [15]	\$246,376 [16]	\$2,133,687

Signature:



(Authorized Representative)

Date: 2-1-16

EXECUTIVE DIRECTOR

(Title)

SIERRA VIEW HOMES

**December 31, 2015 Annual Report for the California Department of Social Services
Support Schedule for Form 5-5 (Health and Safety Code 1790(a)(2))**

QUALIFYING ASSET DESCRIPTION DISCLOSURE:

Form 5-5 line number	Amount	Comments and location on audited financial statement
[4]	\$1,335,029	These are bank accounts and the amount is listed on page 2 of the audited financial statements under current assets, cash
[6]	\$917,960	These are marketable short-term investments. This amount is listed on page 2 of the audited financial statements under current assets, and the detail of this amount is disclosed on page 8 of the audited financial statements.
[9]		This amount comprises two amounts located on the audited financial statements. It relates to the required reserves mandated by Sierra View Homes' certificate debt agreement. The amounts and location on the audited financial statements are as follows: <div style="margin-left: 40px;"> \$300,096 Page 2 of the audited financial statements under current assets, restricted assets 866,710 Page 2 of the audited financial statements under other assets, restricted assets \$1,166,806 Total Debt Service Reserve Accounts Page 8 of the audited financial statements provides further detail on the nature of these debt reserve accounts (under the caption RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT) </div>

DETAILS ON STATUS, DESCRIPTION, AND AMOUNT, ETC. DISCLOSURE (1790(a)(2))

The details are listed above under *Qualifying Asset Description Disclosure*. The only reserve that Sierra View Homes maintains is for the certificate debt. That is indicated above and detailed above at line [9]. Sierra View Homes has no other reserve or restricted accounts other than listed above.

PER CAPITA COSTS OF OPERATION DISCLOSURE (1790(a)(2)):

Total operating expenses (From Form 5-4, line 1)	\$7,507,802
Divided by mean number of <i>all</i> residents (From line 10 of Form 1-1)	228.5
Equals annual per capita costs of operation	\$32,857

Sierra View Homes

(A Not-For-Profit Corporation)

Financial Statements

December 31, 2015

Sierra View Homes

Table of Contents to the Financial Statements

December 31, 2015

	<u>Page Number</u>
Independent Auditor's Report	1
Balance Sheet	2-3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

Jeffrey L. Carter
Certified Public Accountant

1355 11th Street
Reedley, California 93654
Telephone (559) 637-1675

Independent Auditor's Report

To the Board of Directors, Sierra View Homes
Reedley, California

Report on the Financial Statements

I have audited the accompanying financial statements of Sierra View Homes, which comprise the balance sheet as of December 31, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra View Homes as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



January 27, 2016

Sierra View Homes

Balance Sheet

December 31, 2015

ASSETS

Current assets:

Cash	\$1,335,029
Accounts receivable, net of \$88,126 allowance for doubtful collections	819,466
Prepaid expenses	40,560
Marketable short-term investments	917,960
Restricted assets, certificate debt trust agreement (for use in paying current principal and interest on certificate debt)	300,096
Total current assets	3,413,111

Property and equipment:

Land, buildings, and improvements	19,499,588
Equipment, furniture, and fixtures	2,155,403
Transportation equipment	131,665
Less accumulated depreciation	(7,257,998)
Total property and equipment	14,528,658

Other assets:

Restricted assets, certificate debt trust agreement (reserve account)	866,710
Investments in captive insurance companies	122,084
Debt issue costs	985,439
Total other assets	1,974,233

Total assets	\$19,916,002
---------------------	---------------------

The accompanying notes are an integral part of these financial statements.

Sierra View Homes

Balance Sheet

December 31, 2015

LIABILITIES and NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$249,261
Wages and related benefits payable	319,395
Interest payable	193,942
Current portion of long-term debt	323,453
Total current liabilities	1,086,051

Long-term liabilities:

Other accrued liabilities	4,675
Deferred revenue from advance care fees	170,425
Long-term debt:	
Certificate debt (net of discount of \$55,937 and current portion of \$280,000)	11,809,063
California Health Facilities Financing Authority (net of \$43,453 current portion)	411,028
Total long-term liabilities	12,395,191

Total liabilities	13,481,242
--------------------------	-------------------

Net assets: Unrestricted	6,434,760
---------------------------------	------------------

Total liabilities and net assets	\$19,916,002
---	---------------------

The accompanying notes are an integral part of these financial statements.

Sierra View Homes**Statement of Activities and Changes in Net Assets**For the Year Ended December 31, 2015

Unrestricted revenue:

Skilled nursing services (self-pay \$1,307,602; third-party payors \$3,200,113)	\$4,507,715
Less provision for doubtful collection of accounts receivable	(138,683)
Skilled nursing services after provision for doubtful collections	4,369,032
Residential care services and independent living revenue	3,189,909
Other operating revenue	53,131
Investment income (including realized and unrealized losses of \$49,953)	(18,717)
Charitable contributions	77,350
Total unrestricted revenue	7,670,705

Unrestricted expenses:

Nursing services	3,406,921
Dietary services	794,095
Administration	653,850
Operation and maintenance	597,053
Housekeeping, laundry, and linen	341,559
Activities and social services	193,245
Education	53,248
Depreciation (\$666,780) and amortization	707,213
Interest	599,688
Insurance and property taxes	160,930
Total unrestricted expenses	7,507,802

Increase in net assets **162,903**

Beginning net assets **6,271,857**

Ending net assets **\$6,434,760**

The accompanying notes are an integral part of these financial statements.

Sierra View Homes
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from operating activities:	
Cash received from patients and residents	\$7,794,869
Cash paid to suppliers and employees	(6,163,656)
Interest paid	(599,720)
Cash received from other operating revenue	53,131
Investment income received	31,236
Charitable contributions received in cash	77,350
Net cash provided by operating activities (see reconciliation below)	1,193,210

Cash flows from investing activities:	
Property and equipment purchases	(339,233)
Purchase and maturity of investments and of restricted assets	(52,227)
Net cash used in investing activities	(391,460)

Cash flows from financing activities: Principal payments of long-term debt	(320,596)
---	-----------

Net increase in cash	481,154
-----------------------------	----------------

Cash at beginning of year	853,875
----------------------------------	----------------

Cash at end of year	\$1,335,029
----------------------------	--------------------

Reconciliation of increase in net assets to cash flows from operating activities:	
Increase in net assets	\$162,903
Adjustments to reconcile increase in net assets to cash flows from operating activities:	
Depreciation and amortization	707,213
Net realized and unrealized loss from investments	49,953
Other changes in assets and liabilities that affect operating activities:	
Accounts receivable	206,728
Prepaid expenses	9,206
Accounts payable and accrued expenses	89,863
Wages and related benefits payable	(59,324)
Interest payable and other accrued liabilities	26,668
Net cash provided by operating activities	\$1,193,210

The accompanying notes are an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies used in preparing the financial statements follows:

Organization

Sierra View Homes (the Corporation) is a not-for-profit California corporation. The Corporation owns and operates a skilled nursing facility with 59 beds, an independent living facility with 115 apartments, and a residential care (assisted living) facility with 78 licensed beds, all located in Reedley, California.

Continuing care retirement community (CCRC)

The Corporation is licensed as a CCRC for its independent living facility. It is contractually obligated to provide care in assisted living and skilled nursing to those current independent living residents who join the CCRC and pay an advance care fee. The advance care fee is treated as a liability (deferred revenue) at the time received. The advance care fee entitles a resident to receive services in the future, should the resident need them, in the assisted living or skilled nursing facilities. Upon entry into one of those facilities, the care fee is applied as a payment against the service fees and recognized as revenue at that time. The resident pays the regular service fees while under care. For those who leave the facility without using the assisted living or skilled nursing facilities, the advance care fee is recognized as revenue at the time when they leave.

Use of estimates

Preparing financial statements requires management to make estimates and assumptions. These estimates and assumptions affect reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates and assumptions used in preparing these financial statements.

Statement of cash flows

The Corporation includes cash on hand, cash in financial institutions, and certificates of deposit with financial institutions that mature within three months as cash.

Revenue and receivables

Patient service revenue is recorded in the period that services are provided. Payments for services rendered under Medicare and Medi-Cal programs are covered by cost-based or contractual arrangements. Rent from apartment units is recorded in the month the rent is due. An allowance for doubtful collections is recorded when management believes certain receivables may not be fully collectible. Generally, this is done with specific known troubled accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, including capitalized interest. Additions, improvements, and major renewals are capitalized. Maintenance and repairs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. These lives range from five to forty years.

Debt issue costs

The Corporation paid costs associated with incurring debt in 2009 and 2010. These costs are being amortized over the debts' 15 and 30 year terms.

Net assets

The Corporation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit use of the donation. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Income taxes

The Corporation is exempt from Federal and State income taxes by authority of Internal Revenue Code Section 501(c)(3). It files Form 990 and related state tax returns with the taxing authorities. The statute of limitations for these tax returns have expired for years ended December 31, 2011 and prior. Years ending after that date are still open to examination by the taxing authorities.

Investments and investment income

Investment income in the statement of activities includes interest, dividends, and gains and losses from investments. Investments are, initially, recorded at cost. They are adjusted to market value if the difference between market value and cost is significant. Unrealized gains and losses resulting from this adjustment are included in investment income. Realized gains and losses (which arise when the investments are sold and are measured using original cost) are also included in investment income.

INVESTMENTS

Marketable short-term investments

Bank certificate of deposit	\$101,005
Equity stocks of utility	10,998
Everence Trust Company investments:	
Bond fund	261,191
Stock, mutual, and other funds	544,766
<u>Total marketable short-term investments</u>	<u>\$917,960</u>

The cost and market value of marketable short-term investments are about the same except for the Everence Trust Company investments.

Accounting standards establish disclosures about fair value measurements. The standards apply to recurring and nonrecurring financial and nonfinancial assets and liabilities that require or permit fair value measurements. Among the required disclosures is the fair value hierarchy of inputs a company uses to value an asset or a liability. The Corporation has only one input, termed Level 1 - quoted prices in active markets for identical assets and liabilities. The Everence Trust Company investments are reflected at quoted prices in active markets on national stock exchanges (Level 1 input). The market value of these investments is \$14,900 less than original cost.

Investments in captive insurance companies

The Corporation invested in two captive insurance companies. These companies provide workers compensation and general liability insurance. The Corporation, along with other similar facilities, formed these insurance companies in an effort to control insurance costs. These investments were recorded at cost, reduced by subsequent capital contributions returned by the companies.

RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT

The 2010 certificate debt agreement requires the Corporation to maintain reserve deposit accounts with The Bank of New York Mellon Trust Company. One reserve account is used to pay annual interest and principal on the debt. The other reserve account (\$866,710) is held until close to maturity of the certificate debt (2040).

Sierra View Homes
Notes to the Financial Statements
December 31, 2015

LONG-TERM DEBT

Long-term debt consists of the following:

<i>Certificates of Participation Series 2010 (certificate debt)</i> , due September 2040; secured by real and other property; principal payable in one annual installment; interest payable in semi-annual installments at an effective rate of 5.05% per year; subject to numerous covenants (including working capital and days cash on hand), restrictions, and reporting requirements	\$12,089,063
<i>California Health Facilities Financing Authority</i> , due August 2024; note payable in monthly principal and interest installments of \$5,007 at an interest rate of 3.0% per annum; secured by real property	454,481
Subtotal	12,543,544
Less current portion	(323,453)
Total long-term debt	<u>\$12,220,091</u>

Principal payments of long-term debt for the next five years by year and (amount) are as follows: 2016 (\$323,453); 2017 (\$338,412); 2018 (\$349,884); 2019 (\$361,402); 2020 (\$372,965).

LETTER OF CREDIT

The Corporation has a letter of credit with a bank in the amount of \$100,000. No amount was outstanding at December 31, 2015.

RETIREMENT PLAN

The Corporation has a retirement plan for its employees known as a 403(b) plan (the Internal Revenue Code section designation). The plan applies to eligible employees. The Corporation can contribute up to a maximum of 4% of an eligible employee's wages, and expense for the year was \$60,120.

CONCENTRATIONS

Financial instruments that may subject the Corporation to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Corporation maintains significant cash deposits at December 31, 2015, with the following financial institutions:

Bank of America	\$315,603
Rabobank	852,808
Nationwide Life and Annuity	267,373

CONCENTRATIONS (continued)

Accounts receivable are for services provided to patients and residents in Reedley, California. The receivables are due from Medicare, Medi-Cal, and private patients and are, generally, unsecured.

Approximately 42% of the Corporation's total unrestricted revenue comes from Medicare and Med-Cal programs operated by Federal and California government agencies.

SUBSEQUENT EVENTS

The Corporation evaluated subsequent events through the date the financial statements were available to be issued, which was January 27, 2016. There were no subsequent events that required recognition or disclosure in these financial statements.

KEY INDICATORS REPORT

Sierra View Homes

Date Prepared: 3/8/2016

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

First full year was 2014

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)

No Entrance Fees. This is CARE FEES

7. Net Annual E/F proceeds (\$000)

No Entrance Fees. This is CARE FEES

8. Unrestricted Net Assets (\$000)

9. Annual Capital Asset Expenditure (\$000)

10. Annual Debt Service Coverage
Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

14. Unrestricted Cash & Investments/
Long-Term Debt (%)

15. Average Age of Facility (years)


Chief Executive Officer Signature

Forecast
Trend
Indicator

	2009	2010	2011	2012	2013	2014	2015	2016	2018 ^{FC}	Preferred Trend Indicator
					SVH	97.40%	96.81%	97.00%	2017	↑
					RLC	99.52%	99.61%	99.50%	2017	↑
					RCF	96.61%	96.51%	97.00%	2017	↓
						18.96%	16.31%	18.93%	2017	↑
						19.45%	16.15%	19.25%	2017	↓
						\$1,623	\$2,184	\$2,200	2017	↑
						86.66	101.45	109.45	2017	↑
						\$32	\$29	\$30	2017	N/A
						\$10	\$29	\$30	2017	N/A
						\$6,272	\$6,435	\$6,625	2017	N/A
						\$633	\$311	\$250	2017	N/A
						4.70	4.58	5.44	2017	↑
						1.84	1.59	1.88	2017	↑
						12.48%	11.59%	11.21%	2017	↓
						4.87%	4.84%	4.97%	2017	↓
						22.70%	25.79%	26.00%	2017	↑
						10.26	10.89	10.5	2017	↓

RECEIVED

MAR 1 2018

CONTINUING CARE
CONTRACTS BRANCH

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND. THIS PAPER HAS FLUORESCENT FIBERS AND OTHER SECURITY FEATURES



RABOBANK
1003 I STREET
REEDLEY, CA 93664

90-3842/1222

17348

REGISTER NO. DATE

AMOUNT

017348 02/26/16 ***3,278.00

PAY:

THREE THOUSAND TWO HUNDRED SEVENTY-EIGHT AND XX / 100 DOLLARS

PAY TO THE ORDER OF

SIERRA VIEW HOMES
CALIFORNIA DEPT. OF SOCIAL SERVICES
CONTINUING CARE CONTRACTS BRAN
744 P STREET, M.S. 10-90
SACRAMENTO, CA 95814

BY: *[Signature]*

⑆017348⑆ ⑆122238420⑆ 9497842750⑆

CALIFORNIA DEPT. OF SOCIAL S	12416 SIERRA VIEW HOMES	02/26/16	017348
INV DATE INVOICE NUMBER	P.O.#	INVOICE AMOUNT DISCOUNT	NET AMOUNT
02/26/16 FEBRUARY 2016		3,278.00 0.00	3,278.00

RECEIVED
FEB 29 2016

CONTINUING CARE
CONTRACTS BRANCH

STUB TOTAL 3,278.00